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ABSTRACT

This study updates a 1985 study which examined the perceptions, policies, and practices of American business regarding older workers, and placed them in the context of larger economic, demographic, and social trends shaping the business climate. The new survey was conducted in July 1989 among a random sample of 400 companies, with 100 each in 4 size groupings, representing the universe of all companies with 50 or more employees. In each company the person interviewed was the executive with senior responsibility for making human resource decisions. The analysis of changing business attitudes and practices revealed that: (1) positive attitudes toward older workers remained high; (2) obstacles to utilization of older workers included lingering questions about adaptability to new technology and the cost issue, particularly health insurance; (3) companies had made little or no progress in implementing programs to utilize older workers more fully; (4) the largest companies continued to display the least positive attitudes toward older workers; (5) there was an increased role for third party institutions other than the employers and older employees themselves; and (6) the perspective of older workers themselves closely mirrored gatekeepers' attitudes. Background information and highlights are given first, followed by an exposition of detailed research findings, with data displayed in 17 figures. The research suggests that older employees will have a vital role to play in the workplace; the challenge is to enable them to make a contribution. (ABL)

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Business and Older Workers

Current Perceptions and New Directions for the 1990's

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Introduction

In 1985, the American Association of Retired Persons (AARP) commissioned a benchmark study, "Workers Over 50: Old Myths, New Realities." This study examined the perceptions, policies and practices of American business regarding older workers, and placed them in the context of larger economic, demographic and social trends shaping the business climate.

In brief, the 1985 study found the following:

> Overall, older workers were perceived very positively, and valued especially for their strong work ethic, experience, and knowledge.
>
> Older workers in most companies were not perceived as being more costly than younger workers.
>
> Negative perceptions of older workers centered around characteristics seen as crucial to American business's ability to compete globally, for example, flexibility, adaptability to technology, and aggressive spirit. These perceptions were more pronounced in larger companies.
>
> Few if any signs of overt or systematic discrimination were uncovered. However, the findings suggested that companies could do more to promote the full utilization of older workers, particularly in the areas of management commitment, employment/retirement policies and training.
>
> In line with the prevailing sentiment in the mid-1980's, new Federal regulations were not deemed necessary to protect the rights of older workers.
>
> There was a strong belief that older workers had a significant role to play in advancing their own "cause" within companies.

In the nearly five years since the first study, many of the trends affecting the position of older workers have intensified. These include instability caused by massive corporate restructuring, a growing awareness of the over-50 population as consumers and citizens as well as employees, and continued pressure on corporations to cut costs in order to maintain profitability. New elements have entered the situation, notably, a Federal government willing to play a watchdog role on consumer, employee and environmental protection issues. In addition, fundamental changes in the law have occurred, e.g., the abolition of mandatory retirement.

Clearly the time has come to take another look at employees age 50 and over and their role in American business. To accomplish this, AARP engaged The Daniel Yankelovich Group, Inc. (DYG), the marketing and social research firm, to update the 1985 study.

The survey was conducted in July 1989 among a random sample of 400 companies — 100 each in four size groupings — representing the universe of all companies with 50 or more employees. The methods used in sample selection

were designed to ensure that the final sample would reflect this universe of companies in terms of industry type and region. Sample balancing weights were applied to adjust for the disproportionate company size allocations, so that the analysis of the total population would properly reflect their real-world proportions.

In each company, the person interviewed was the executive with senior responsibility for making human resource decisions. In larger corporations this was often the vice president of human resources or personnel; in smaller ones, the CEO.[1] The 30-minute interview was conducted via telephone.

For the purpose of the study "older workers" were defined as employees 50 years of age or older. To supplement the survey, four focus groups were conducted among older workers. Their perspective has been factored into the survey findings.

This report includes the following sections:

Background: a discussion of trends in the business climate and their impact on older workers.

Study Highlights: the study's major findings and key implications.

Detailed Research Findings.

Implications.

1. Throughout the report, the respondents are referred to "human resource decision-makers" or "gatekeepers."

Background: The Business/Social Climate

The relationship between older workers and American business can best be understood in light of the economic, demographic and social forces shaping the operating environment for business. Eight relevant trends are discussed below, derived from The Daniel Yankelovich Group's ongoing research among business leaders and the American public.[2]

Cost cutting has become a top priority for senior management. CEOs across a wide range of industries, regions and company sizes now anticipate only slow growth in revenues over the next several years. Competition — from domestic as well as foreign companies — continues unabated and consumers are demanding, and getting, more value for their money. Thus corporate profitability hinges on the ability to lower costs, through work force reductions, and productivity improvements. This drive to cut costs often overwhelms other priorities (such as R&D investment) with longer term payoffs.

Technology is a key to competitiveness. Though some progress has been made in worker participation and other personnel management techniques, senior managers are relying on new technologies to provide the bulk of productivity improvements. Such improvements are necessary in order to produce goods and services competitively. The ability of employees to master new technologies, therefore, has become more crucial than ever.

Health care costs are rising, with no end in sight. Business is not alone in grappling with this problem. It also threatens to overwhelm government budgets. Solutions once believed to be promising, such as second surgical opinions and wellness programs, have yet to yield much in the way of results. The most positive development from the corporate point of view has been a sharp rise in employee enrollment in health maintenance organizations (HMOs), resulting in lower benefit costs.

The American work force is in the midst of a massive restructuring. American business created numerous new jobs during the 1980's, but the vast majority of them have been either relatively low wage positions in the service sector or positions requiring advanced education and/or training. Thus we are witnessing a growing division in the work place between "service" and "knowledge" jobs.

Shortages of knowledge workers are severe in some parts of the country, and are expected to spread during the 1990's. In the service sector, where the labor pool is numerically sufficient, employers complain about the quality of available workers. Restructuring has also occurred among the over 50 population, where many have accepted early retirement packages and reentered the work force, often part-time, and often in the low wage service sector.

2 The Yankelovich Environmental Scanning Program

The fifty-plus age group has begun to attract attention. No longer a forgotten group, Americans over 50 are now seen as an attractive consumer segment, with above average discretionary income and good health. The "mature market" is now portrayed by advertisers as vigorous, committed to exploring life's possibilities and eager for new experiences. These marketing-based perceptions are sometimes at odds with corporate views of workers over 50 as employees.

Retirement is being redefined. Those nearing retirement no longer see it as a sharp break with the past. Rather, today's "preretireds" seek continuity, remaining in their communities and, often, retaining ties to the world of work. Many now anticipate "retiring" from their lifelong career only to continue working, either in their current field or an unrelated one.

There is an emerging mismatch between employee needs and the way jobs are organized. "Retirees" are not the only employees who might wish to work part-time in knowledge positions. Increasingly, working mothers, many of whom are well educated, highly trained and experienced, are seeking alternatives to both a full-time career and motherhood. Given impending labor shortages, companies can no longer afford to ignore the potential of part-time knowledge employees. However, part-time jobs and job sharing are still limited to relatively low skilled, low wage positions in most companies.

The Federal government is beginning to assure a greater role in the business world. Deregulation is no longer seen as a panacea. There is a growing belief that the Federal government must assume at least a watchdog role to curb business excesses — on environmental, consumer protection, trade, and work place issues.

Study Highlights

Against the backdrop of these business and social trends, our examination of changing business attitudes and practices toward older workers from 1985 to 1989 reveals the following major findings:

1. Positive attitudes toward older workers remain high. Human resource decision-makers show increased appreciation for the "work ethic" characteristics of older employees. These include a commitment to quality, loyalty and dedication to the company, and arriving at work punctually every day.

Thus, on work ethic issues, older employees stand in stark contrast to the prevailing view within business of the labor force as a whole. Younger workers are seen as motivated purely by self-interest and out of touch with the "old fashioned" notion that working hard has its own, intrinsic value.

Older employees also get higher marks than in 1985 on other desirable characteristics, such as coolness in a crisis and practical knowledge.

2. Despite these positive attitudes, there are two obstacles which appear to impede the full utilization of older workers in American business. These are lingering questions about adaptability to new technology and the cost issue, particularly in the area of health insurance.

The first of these obstacles was detected in the 1985 study, but the situation appears to have intensified. Older workers are seen by human resource decision-makers as somewhat more comfortable with new technologies now than four years ago. These gains are overshadowed by the increased emphasis placed on this requirement, now perceived as crucial by half of all gatekeepers.

The second obstacle represents a reversal since the benchmark study. In 1985, gatekeepers were most concerned about the insurance costs for young employees with dependents. In 1989, with many young household heads enrolled in less expensive HMOs, concerns regarding their costs have abated. Instead, the focus of gatekeepers has shifted to the cost of retirees' health benefits.

Overall, gatekeepers repeat their 1985 assertions that insurance costs for older employees are not onerous and, in any case, are "worth it." But there are some disturbing signs. In large companies, older male employees are now considered more expensive to insure than young employees with dependents. Further, the one in three decision-makers willing to make an estimate state that older employees cost 15 percent more to insure than other employees. Concern about the insurance costs of 50-plus employees may increase as health costs rise in general and progress continues on insurance costs for younger employees.

On salary costs, 50-plus employees are no longer seen as the highest-paid group. This distinction now belongs to 35-49 year olds, who have become more heavily represented in supervisory and management positions. This may be due to widespread implementation of early retirement programs.

3. Companies have made little or no progress in implementing programs to utilize older workers more fully. Suggested techniques deemed promising by gatekeepers, such as skill training for older employees, have been adopted by only three in 10 companies, the same proportion as in 1985. Commitment by senior management to the issue of older worker utilization, as reported by gatekeepers, has actually declined. Although there has been a modest rise since 1985 in part-time work arrangements for older employees, the relatively positive attitudes expressed by gatekeepers have not been translated into corporate policy or practice.

4. The largest companies (1,000 or more employees) continue to display the least positive attitudes toward older workers. Human resource decision-makers in the largest companies give older workers less credit for their work ethic and are more critical of their ability to adapt to technology and other competitiveness issues. They are also more sensitive to the cost of health insurance for older workers. This means a widespread adoption of early retirement programs and an increase in part-time work arrangements without benefits. In contrast to this overall pattern, however, large companies report a greater emphasis on skill training for older employees.

5. There is an increased role for third party institutions other than the employers and older employees themselves. Human resource decision-makers believe the basic responsibility for ensuring fair treatment for older workers remains within the corporation including, as in 1985, a major role for older workers themselves. However, in keeping with the trend toward a more activist federal government, laws and regulatory procedures are now seen by gatekeepers as more necessary to protect older workers. Even more striking is the increased role assigned to local community groups and senior citizens groups. Given companies' evident difficulty in adopting mechanisms to take advantage of the potential contribution of older workers, management may now be more open to assistance from "outsiders."

6. The perspective of older workers themselves closely mirrors gatekeepers attitudes. Older workers view themselves as possessing superior work habits and commitment, and believe that management recognizes their strong work ethic. They also believe, however, that they are seen as expensive, both in salary and benefit costs, and that companies may wish to replace them with two younger employees for the same price. (However, most are unwilling to reconsider their place in the salary structure.) They regard themselves as an untapped resource and are frustrated about the lack of

mechanisms to maximize their contribution. Finally, while not necessarily fearful of technology, older workers tend to acknowledge that younger employees, exposed to computers at an early age, are more comfortable in the "new" workplace.

Taken together, these findings suggest the following two conclusions:

1. Current policies and practices concerning older workers — particularly in larger corporations, are driven primarily by a pre-eminent need to cut costs. Such practices are increasingly out of sync with generally positive — and, we believe sincere — gatekeeper attitudes, and may no longer even serve the corporation's best interests in the years ahead.

2. While the strategy of offering early retirement is undeniably attractive from a cost point of view, it poses real dangers. Up to now, many workers who accept early retirement packages but wish to continue working have difficulty finding positions commensurate with their knowledge and experience. Therefore, the early retirement strategy has the effect of slotting those older workers who return to the workplace part-time into service, not knowledge, positions. Thus, a potentially valuable resource is lost. In addition, given increased government activism, business may be faced with a new regulatory burden — mandated benefits for part-time employees. And, if early retirement packages include health insurance for the retirees, this strategy may even backfire financially.

Detailed Research Findings

General Perceptions of Older Workers

Several questions from the 1985 survey regarding gatekeeper ratings of desirable employee characteristics such as work habits, values and experiences were repeated in 1989 to measure change in the perceptions about older workers held by employers. Overall, the survey results suggest the positive perceptions found in 1985 remain very strong.

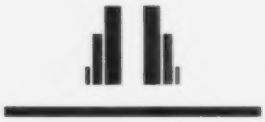
As in 1985, older employees receive extraordinarily high ratings for attendance, commitment to quality, good performance, loyalty, practical knowledge and reliability in a crisis. High ratings are also given for compatibility, solid work experience and emotional stability.

Figure 1

High Ratings of Older Workers on Selected Characteristics

By Company Size
(in percent)

	All Companies		50-99 Employees		100-499 Employees		500-999 Employees		1000+ Employees	
	1989	1985	1989	1985	1989	1985	1989	1985	1989	1985
Rated Excellent/Very Good										
Good attendance and punctuality	91	86	91	86	95	83	94	87	85	85
Commitment to quality	89	82	92	82	90	79	86	95	85	73
Solid/reliable performance record	87	71	91	74	85	68	89	67	83	68
Loyalty and dedication to company	86	79	87	75	86	82	89	90	83	77
A great deal of practical, not just theoretical, knowledge	85	76	82	76	93	77	92	67	72	79
Someone to count on in a crisis	85	70	87	67	87	70	86	75	74	79
Ability to get along with co-worker	79	60	83	61	79	56	75	58	70	63
Solid experience in job and/or industry	78	74	68	71	92	74	69	75	76	86
Emotional stability	71	59	76	61	82	63	69	50	70	62



However, several interesting attitudinal differences exist between large and small companies regarding older workers. For example, gatekeepers in companies with 1,000 or more employees are less likely to give high ratings to older employees on practical knowledge, compatibility, emotional stability and performance in a crisis. Older employees in large companies are also rated lower on job/industry experience. (Figure 1)

In addition, older employees of large companies continue to receive low ratings on a critically important issue — the ability to cope with new technology. (Figure 2)

Figure 2

Low Ratings of Older Workers on Selected Characteristics

By Company Size
(in percent)

	All Companies		50-99 Employees		100-499 Employees		500-999 Employees		1000+ Employees	
	1989	1985	1989	1985	1989	1985	1989	1985	1989	1985
Rated Excellent/Very Good										
Good educational background	36	17	32	23	44	16	28	14	30	12
Physical agility	29	22	24	31	38	18	31	9	22	14
Desire to get ahead	27	18	29	23	31	17	25	1	15	7
Feeling comfortable with new technologies	22	10	21	16	24	8	25	3	17	11

Gatekeeper Priorities

To bring gatekeeper perceptions into sharper focus, we revisited a question concerning the various issues commanding their attention. The top five issues are the same as in 1985. However, within the top five, priorities have shifted somewhat.

Productivity remains the key issue for all companies across the board, with over eight in 10 (81%) paying "a great deal of attention" to it. The cost of health insurance is of concern to over seven in 10 (71%) gatekeepers and is one of the top issues to gain more attention than four years ago. (Figure 3) However, gatekeepers of smaller companies now appear more concerned about health insurance costs than those from large companies. This may be due to the growing impact and use of HMOs by employees at large companies, coupled with increased cost pressures on smaller companies.

Another issue that is gaining increasing attention from human resource decision-makers in companies of all sizes is the availability of skilled labor. In line with commonly expressed complaints about the quality of the U.S. work force, it is becoming a particularly troublesome issue for larger companies. (Figure 3) Gatekeepers show a significant decrease in attention paid to absenteeism (although this

Figure 3

Company Issues Receiving a Great Deal of Attention

By Company Size
(in percent)

	All Companies		50-99 Employees		100-499 Employees		500-999 Employees		1000+ Employees	
	1989	1985	1989	1985	1989	1985	1989	1985	1989	1985
Maintaining and/or increasing productivity	81	83	82	85	78	84	92	74	78	81
Cost of health insurance	71	65	67	56	74	64	67	88	80	88
Absenteeism	53	61	65	63	42	64	56	51	43	46
Introduction of new technology	43	56	38	52	39	58	44	65	70	73
Availability of skilled labor	42	29	41	34	39	28	47	26	50	27

remains a concern for small companies with fewer employees).

The introduction of new technology remains an important issue, but attention to it by gatekeepers has diminished somewhat. Though not asked directly, it may be that companies have already made technological improvements and thus are not currently concentrating on this issue.

Productivity

Work force productivity remains a key issue for human resource decision-makers, and the survey data clearly indicate that older workers continue to be viewed by gatekeepers as productive employees. This can be seen by the importance/performance gap data shown in Figures 4-6. The importance/performance gap is defined as the difference between the rating gatekeepers give to the overall importance to the company of an employee characteristic (such as "commitment to quality") and the rating older workers receive on that characteristic. Thus, a low importance/performance gap score, such as those shown for productivity-related characteristics, means that older workers are doing well in the eyes of gatekeepers on that characteristic. (Figures 4-6)

Figure 4

Comparisons Between Importance of Employee Characteristics and Rating of Older Workers

(in percent)

	Rated Essential/ Very Important		Older Workers Rated Excellent/Very Good		Importance/ Performance Gap	
	1989	1985	1989	1985	1989	1985
Commitment to quality	96	88	89	82	+7	+6
Attendance/punctuality	91	88	91	86	—	+2
Solid performance record	85	74	87	71	−2	+3

Figure 5

1985 *Comparisons of Important Employee Characteristics and Older Worker Ratings*

All Companies

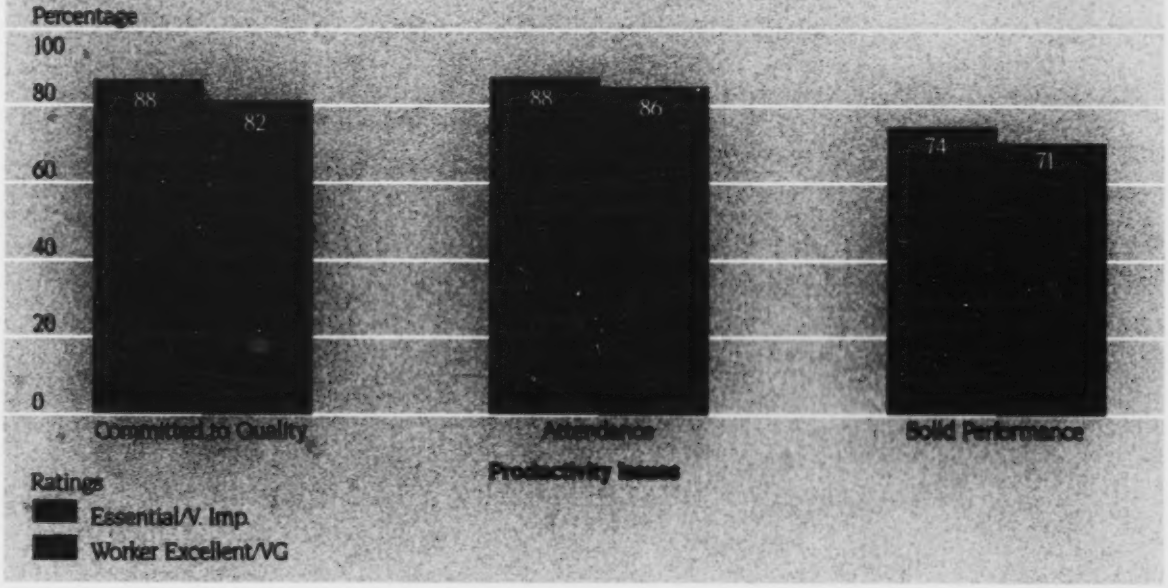
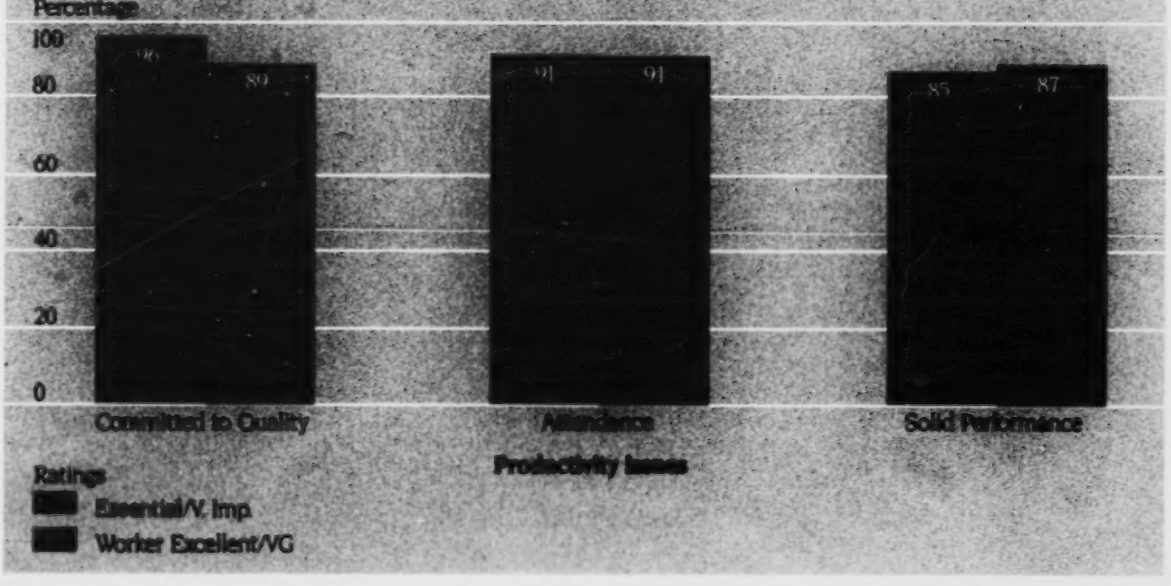
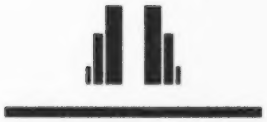


Figure 6

1989 *Comparisons of Important Employee Characteristics and Older Worker Ratings*

All Companies





Technology and Other Competitiveness Issues

The 1985 survey reported that older workers receive their lowest ratings from human resource decision-makers on comfort with new technologies such as computers. This comes at a time when the gatekeepers of nearly half of all companies rated comfort with new technologies as an essential or very important employee quality. Only 22 percent of the older workers receive "excellent" or "very good" ratings on this characteristic. It also appears that the gap between the overall importance of comfort with technology and the perceived performance of older workers on this issue has grown among small and large companies from 1985 to 1989. (Figure 7)

Figure 7

Comfort with New Technologies

By Company Size
(in percent)

	Rated Essential/ Very Important		Older Workers Rated Excellent/Very Good		Importance/ Performance Gap	
	1989	1985	1989	1985	1989	1985
All companies	48	32	22	10	+26	+22
50-99 employees	45	30	21	16	+24	+14
1,000 or more employees	59	48	17	11	+42	+37

Figure 8

Comparisons Between Importance of Employee Characteristic and Rating of Older Workers

All Companies
(in percent)

	Rated Essential/ Very Important		Older Workers Rated Excellent/Very Good		Importance/ Performance Gap	
	1989	1985	1989	1985	1989	1985
Competition Issues						
Willingness to be flexible about doing different tasks	72	61	46	28	+26	+33
Individual initiative	73	56	61	47	+12	+9
Competitive, aggressive spirit	51	44	43	28	+8	+16
Creativity	29	26	32	19	−3	+7

Figure 9

Comparisons Between Importance of Employee Characteristic and Rating of Older Workers

Companies With 1,000 or More Employees
(in percent)

	Rated Essential/ Very Important		Older Workers Rated Excellent/Very Good		Importance/ Performance Gap	
	1989	1985	1989	1985	1989	1985
Competition Issues						
Willingness to be flexible about doing different tasks	67	57	33	20	+34	+37
Individual initiative	67	58	52	37	+15	+21
Competitive, aggressive spirit	50	67	41	22	+9	+55
Creativity	24	49	24	16	—	+33

As more companies introduce more sophisticated forms of technology to help run their businesses, hiring employees who both understand and feel comfortable using the equipment and software will become increasingly important. Unless a serious effort is made to close the growing importance/performance gap regarding technological comfort, nontechnologically-oriented older workers could find themselves shut out of rewarding, well-paying positions. Failure to close this gap among older workers could result in a more serious consequence. Rather than look to older workers to fill jobs requiring the use of high technology, companies could rely solely on younger employees for those positions. This may already be happening. For example, nearly three in four gatekeepers (72%) agreed with the statement that "our younger employees represent the future of the industry and we should focus our training and development efforts on them."

As in 1985, significant gaps exist between the importance gatekeepers attached to such issues as flexibility, aggressiveness and adaptability, and their perceptions of older worker performance on those issues. Some progress has been made in closing the importance/performance gap on most of these issues, but the greatest gap continues to be found in flexibility. (Figure 8)

In large companies with 1,000 or more employees the importance/performance gap on the issue of flexibility in performing different tasks remains large in 1989. However, gaps on other competitiveness issues, such as creativity and having a competitive spirit, have been greatly reduced since 1985. (Figure 9)

Thus it appears that technology and flexibility are the key competitiveness issues perceived by gatekeepers as weaknesses for older workers.

Health Insurance and Salary Costs

During the past decade, the rising costs associated with health care and health insurance have been a growing concern for many Americans. This survey found that these issues are receiving a great deal of attention from human resource decision-makers in companies of all sizes. Seven in 10 (71%) gatekeepers said that the cost of health insurance is an issue receiving a great deal of attention, up from 65 percent in 1985. And one in four (24%) raised the issue of benefits costs as the most pressing problem facing human resource decision-makers. The study suggests that this increase in gatekeeper attention is based on several developments.

First, companies are offering health care benefits to greater numbers of retired workers and many are paying all of the costs. In the 1985 study, more than four in 10 gatekeepers reported that in their companies retirees were covered by company health insurance plans. More than one in three of these companies (36%) provided full coverage. Today, nearly six in 10 companies (59%) offer health insurance to their retirees and 43 percent of these companies give their retirees full coverage.

Figure 10

Perceived Cost of Health Insurance For Typical Employee Types

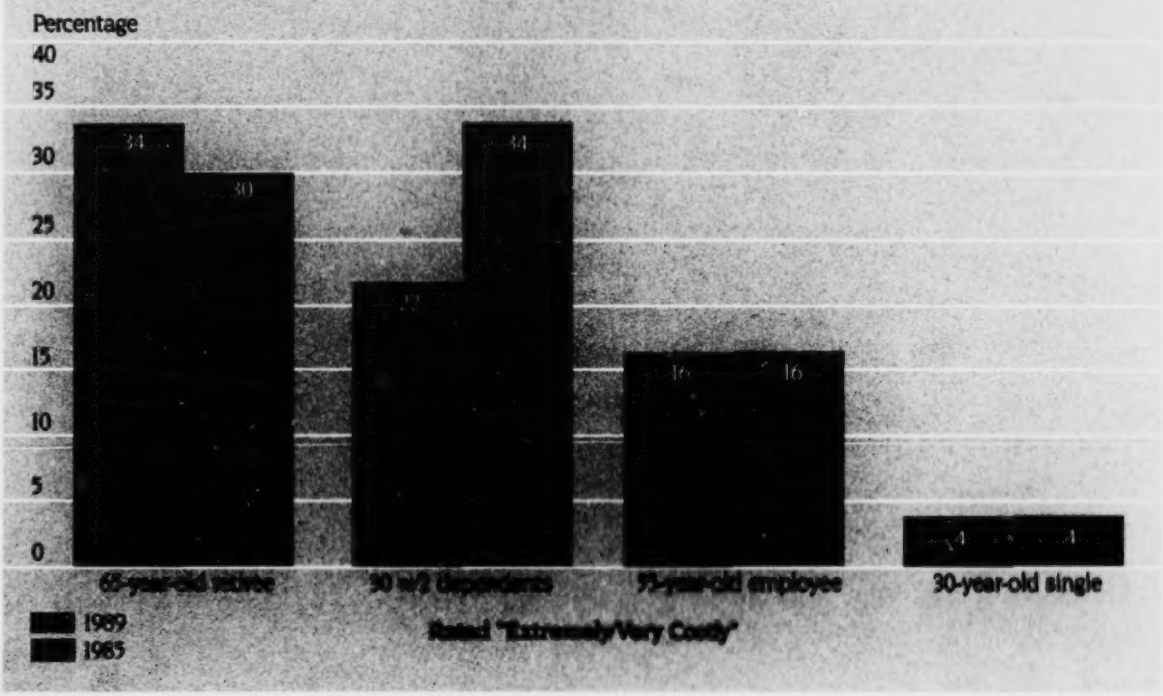


Figure 11

Perceived Costs of Health Insurance for Typical Employee Types

By Company Size
(in percent)

	All Companies		50-99 Employees		100-499 Employees		500-999 Employees		1000+ Employees	
	1989	1985	1989	1985	1989	1985	1989	1985	1989	1985
Rated Extremely/Very Costly										
30-year-old female with two dependents	23	37	24	29	22	39	25	60	22	46
30-year-old male with two dependents	20	32	21	25	20	34	19	36	20	44
65-year-old female retiree	33	30	32	21	29	32	42	54	41	50
65-year-old male retiree	34	29	32	21	32	30	42	57	39	50
55-year-old female	16	16	17	13	13	20	17	21	17	14
55-year-old male	16	15	16	12	13	21	11	11	24	18
30-year-old single female	4	4	4	4	3	7	8	2	4	–
30-year-old single male	3	3	2	3	2	5	8	2	4	–

The increased cost of providing health benefits to older workers compared to the company worker of average age has many human resource professionals worried. The 140 gatekeepers who provided an estimate stated that, on average, it costs their company an additional 15 percent to insure an older worker compared to the health care benefit costs of insuring the average age company worker.

Furthermore, when asked to evaluate the relative expenditures on health insurance for several "typical" employee types, this study found that one in three (33%) human resource decision-makers (compared with 30 percent in 1985) rated the health insurance costs of 65-year-old retired workers as "extremely" or "very costly." What is most significant about this

finding is that in the four years since the last survey, human resource decision-makers estimate that the costs of company-provided health insurance for retired workers has overtaken the costs of insuring a 30-year-old employee with two dependents. In 1985, 34 percent of the gatekeepers rated a 30-year-old with two dependents as "extremely" or "very costly" to insure. Today, the figure has dropped to 22 percent. This decline may be caused by growth of HMO memberships. (Figure 10)

The perception that older employees are expensive to insure appears to be most acute in large companies. For instance, in companies with 1,000 or more employees, a "typical" 55-year-old male is now considered more costly to insure than a young employee with dependents. (Figure 11)

Regarding salary costs, human resource decision-makers have changed their view of which age group is the highest paid. In 1985, the data showed that gatekeepers thought the over-50 age group was the highest paid. In 1989, this distinction goes to the 35- to 49-year-old group, with many gatekeepers reporting that this group of employees is more numerous than other age groups and more likely to be in management/supervisory roles.

The increasing salary costs associated with the 34-49-year-olds are now noticeable in companies with and without a large proportion of older workers. This change in the viewpoint of gatekeepers may be caused by management cost-containment strategies, notably early retirement, designed to reduce the size of the older work force. (Figure 12)

Figure 12

Perceived Salary Differentials Among Age Groups

(in percent)

	Proportion of Older Workers in Company					
	All Companies		Less Than 20%		20% or More	
	1989	1985	1989	1985	1989	1985
Total	100	100	100	100	100	100
Which Employee Is Generally Paid More, All Things Being Equal?						
Under 35 years	5	6	8	6	2	5
35-49 years	31	19	38	25	25	12
50 years and older	27	36	23	29	36	47
Age makes no difference	37	36	31	38	37	32
Can't say	—	3	—	2	—	4

Attitudes About Equity for Older Workers

Although a similar eight in 10 (80%) proportion of gatekeepers in both 1985 and 1989 agreed that most of today's older workers would prefer working for as long as possible, this study found significant attitudinal changes on other survey items regarding equity for older workers. For example, gatekeepers have grown to recognize the need to reward loyal, long-term employees. In 1985, fewer than six in 10 (56%) agreed with the notion of granting special treatment to longer-service employees. Today, nearly three in four (73%) support this concept. In addition, nine in 10 (91%) gatekeepers (up from 83% in 1985) agree that older workers have special skills for tackling new problems. These findings suggest that gatekeepers continue to have confidence in the ability of older workers. Unlike four years ago, gatekeepers believe that older workers deserve entitlements if they have been long-time employees. (Figure 13) These attitudes do not appear to be reflected in current management practices in such areas as skill training and commitment by senior management to utilizing older workers. (See "Management Practices" section.)

Gatekeepers were again asked to rate the degree to which various factors should be responsible for a fair shake for older workers. As in 1985, the leading responses are older employees themselves (84%, up from 72% in 1985), corporate policy (74%, up from 72%), human resource departments (74%, compared to 58% in 1985), and senior management (73%, unchanged from 70%). In addition, gatekeepers rated several other groups with increasing responsibility for the protection of older workers. These include mid-level management (60% in 1989, 39% in 1985), federal laws (59% compared to 46%), senior citizen groups (26 percentage points to 58%), federal regulatory procedures (53% compared to 40%), local community groups (up 28 percentage points to 47%), and organized labor (38% compared to 24%). Although the gatekeeper ratings show that the bulk of the responsibility for older workers remains within the company, the results clearly indicate a growing role for other outside "watchdog" groups regarding the protection of older employees. (Figure 14)

Figure 13

Attitudes About Equity for Older Workers

(in percent)

	All Companies	
	1989	1985
Agree Strongly/Somewhat		
Most of our older workers prefer to continue working as long as possible	80	81
Older workers have special skills for solving new problems based on knowledge/ experience	91	83
An employee who has worked for the company for more than 20 years is entitled to special treatment	73	56

Figure 14

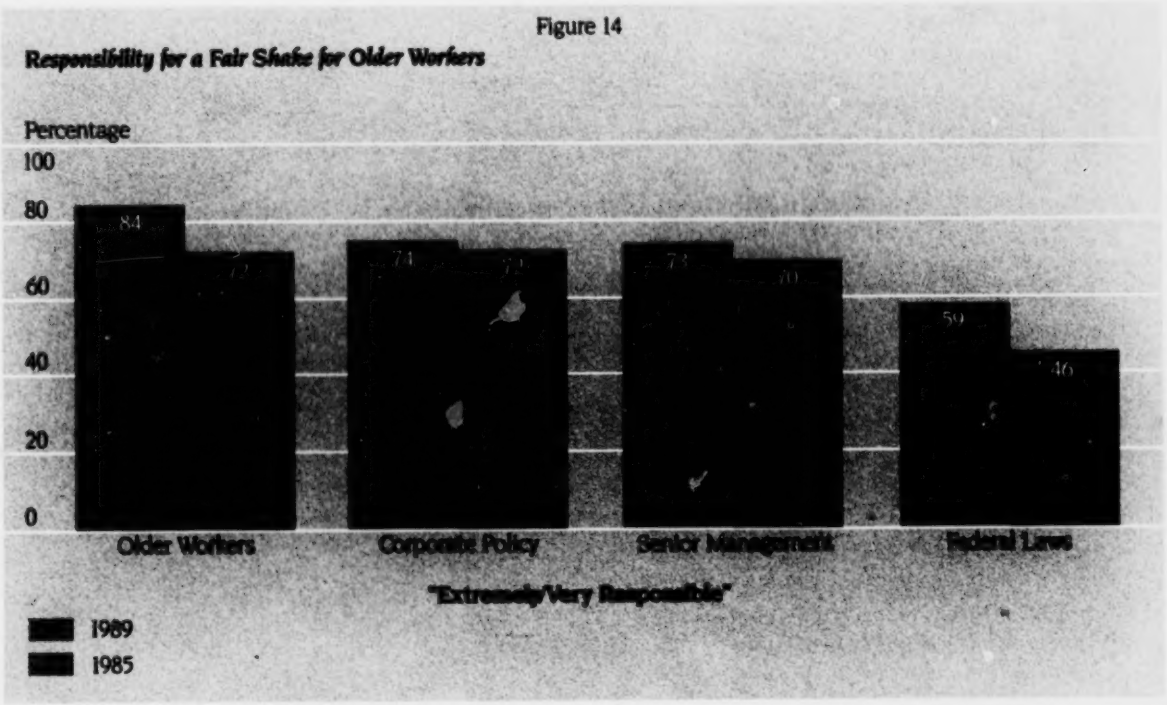
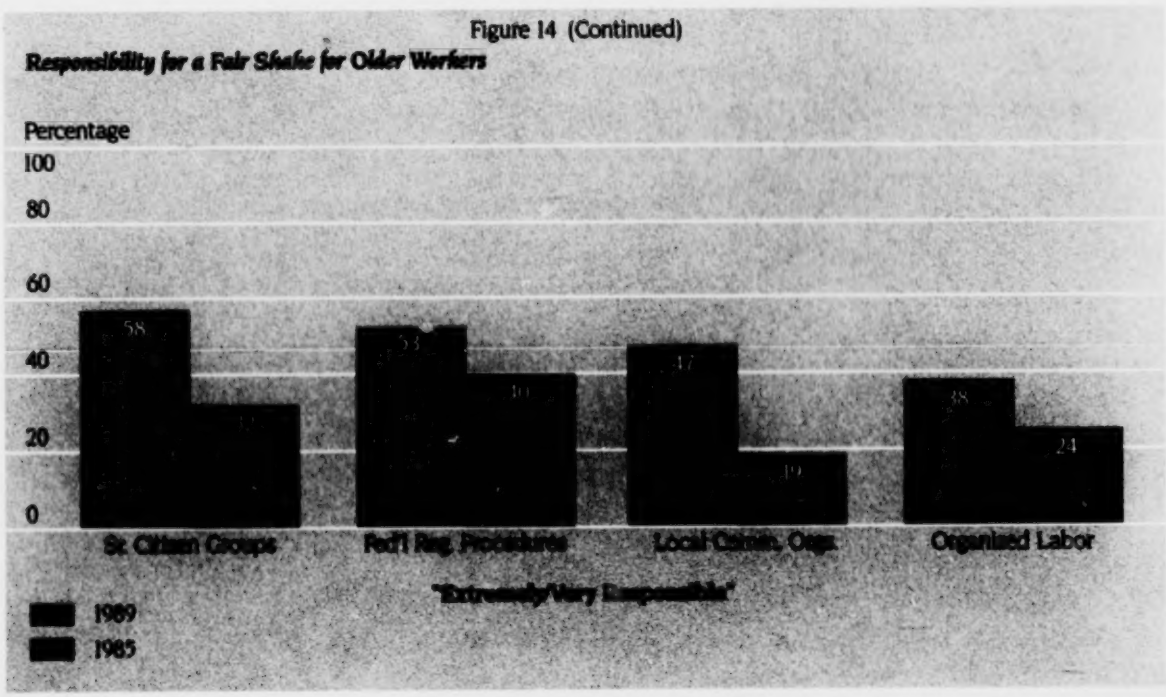


Figure 14 (Continued)



Management Practices

Nearly four in five gatekeepers (79%) agreed that their companies were "finding ways to leverage the experience of older workers,"[3] but other data from this survey do not support this success in tapping older workers skills. One of the most disturbing findings of this study is the reported decline in senior management's formal commitment to utilizing older workers. Although 62 percent of all gatekeepers believe such a commitment would be effective, only one in four (25%) report that their companies have implemented a formal program of senior management commitment. This is down significantly from one in three companies (33%) in 1985. Similarly, six in 10 (58%) of gatekeepers believe in the effectiveness of educating managers about ways to utilize older workers. Yet, only one in three (28%) companies (a figure similar to 1985) have introduced such a program. (Figure 15)

Training in 1989 follows a similar pattern to 1985. In 1989, over half of the gatekeepers (55% compared to 48% in 1985) believe that skill training for older employees would be effective in increasing their utilization, but overall, as in 1985, only three in 10 (29%) companies have implemented such programs.

Although some progress has been made by companies with 1,000 or more employees (in four years, 35% compared to 24% of these companies have established training programs for older workers), it is unlikely that the importance/performance gap for most older workers will be markedly reduced unless a concerted effort is made by all companies to increase (or augment) training programs for older employees. (Figure 16)

Figure 15

Implementation of New Approaches by Proportion of Older Workers

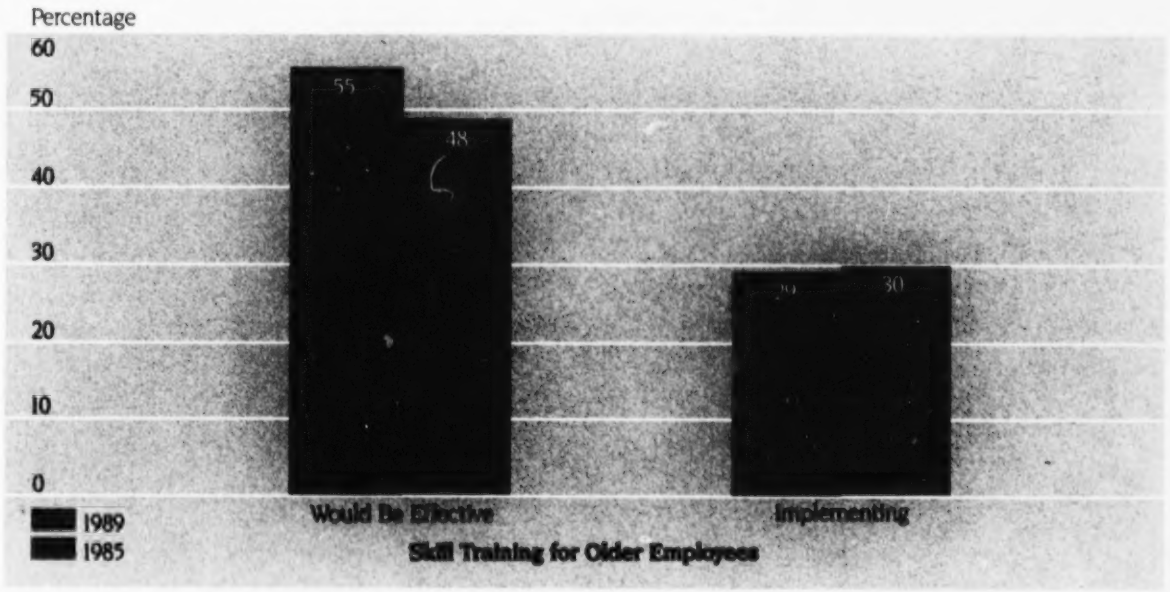
(in percent)

	All Companies		Less Than 20%		20% or More	
	1989	1985	1989	1985	1989	1985
Skill training for older employees	29	30	25	26	36	38
Education of managers about ways to utilize older workers	28	29	27	25	33	34
Formal commitment by senior management	25	33	27	25	23	41

3 Exact wording of survey question

Figure 16

Approaches to Training and the Older Worker
All Companies



Employment Strategies

Gatekeepers view the hiring of part-time employees with continuation of benefits (53%) as a more effective way to utilize older employees than hiring part-timers without benefits (34%). Gatekeepers report that both methods have been adopted with increasing frequency, but companies with 1,000 or more employees are now less likely to offer benefits to part-time older employees. (Figure 17)

Over four in 10 (45%) gatekeepers view the concept of phased retirement — that is, keeping older workers on the payroll on a part-time basis for an agreed upon length of time — as an effective way to utilize older workers. One in five (18%) companies have implemented this idea. Gatekeepers do not believe in the effectiveness of reducing the pay and level of responsibility of older workers in order to utilize them better. Only one in 10 (9%) companies have implemented this type of program.

There is one last interesting finding regarding employment strategy concerning early retirement programs. Over three in 10 (35%)

Figure 17

Employment Approaches That Have Been Implemented to Retain Older Workers

(in percent)

	Part Time Work With Benefits		Part Time Work Without Benefits	
	1989	1985	1989	1985
All Companies	27	18	22	14
50-99 employees	24	19	17	15
100-499 employees	28	14	20	9
500-999 employees	36	21	33	35
1,000+ employees	28	37	30	19

companies are considering or have already implemented a program for early retirement. In 1985, the figure was 21 percent.

What is more significant about early retirement is the degree to which larger firms have adopted it as a mechanism to reduce costs. In 1985, 38 percent of the companies with 500-999 employees and 44 percent of the firms with 1,000 or more employees had or were considering early retirement programs. Today, the figures are 61 percent and 55 percent, respectively. Most large companies either offer or plan to offer early retirement programs to reduce costs.

Older Workers' Perspective

The focus group discussions with older workers reveal that their role in the workplace is extremely important to them. This is because most older workers express the desire to continue working until 65, 70 or beyond, some out of economic necessity, and others to remain active while supplementing their retirement income.

Older workers are quick to point out their commitment to the work ethic, in contrast to younger employees. When discussing their work situation, however, older employees seem fearful. They believe they are vulnerable, even

disposable. Some of these fears may be exaggerated, rooted in insecurity, but they are also based on their reported observations of corporate attempts to reduce older employee populations. "If they want to get rid of you, they have their ways of doing it," was a commonly-heard statement.

Several employees in each focus group expressed anger at being "pushed out" before they were ready to retire. At the same time there was an understanding of, if not sympathy for, management's need to cut costs. "They can replace us with two younger employees for the price of one," several participants stated. Instances of subtle discrimination were perceived to be more common in larger companies than smaller ones. For example, several participants told of older workers in large companies being put into dead-end positions when in the past they held decision-making jobs. The participants believed that such companies use this tactic as a way to encourage older employees to retire.

Men and women face different situations. Men are more likely to see themselves as being forced out of companies prematurely. However, they are also better able to take advantage of pensions, "golden handshakes" and Social Security benefits. Women feel that their jobs are less threatened. With the exception of managers and professionals, most of them are in lower wage positions, have worked fewer years, and have therefore accumulated smaller pensions. Work for them often is an economic necessity, and some do not foresee a time when they will be able to afford to retire fully.

Finally, there appear to be two attitudes toward available part-time service jobs among older workers. For some, these jobs are seen as allowing employees to stay active without making too many demands on their time or energy. But other older workers are frustrated with these jobs, feeling that their talents, training and energy are not being put to good use.

Implications

Where do we go from here? The data suggest a road map for some possible solutions represented by older employees.

Training, particularly technological training, is critical if older employees are to thrive in today's workplace. Although corporations themselves should take the lead in providing such training, other institutions could also be involved. There may be an appropriate role for community colleges, local government, labor unions and other "third parties."

There is also a need for mechanisms to match qualified older employees with positions that adequately utilize their skills. Private sector efforts in this regard could be supplemented by job banks sponsored by senior citizen groups or community organizations.

Finally, new approaches for providing health benefits for part-time workers must be explored, perhaps paid for by a partnerships of business, state and/or Federal government, and employees.

Given emerging economic and business trends, the 1990's promise to be a time to shed old assumptions, accept new circumstances, and forge creative solutions. The research suggests that older employees will have a vital role to play in the workplace. The challenge is to enable them to make a contribution.

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